

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In Re: )  
 )  
QUEBECOR WORLD (USA) INC. et al., ) Case No. 08-10152  
 ) Chapter 11  
Debtors. )

**AFFIDAVIT IN SUPPORT OF MOTION FOR ORDER COMPELLING ASSUMPTION  
OR REJECTION OF EXECUTORY CONTRACT, OR IN THE ALTERNATIVE,  
FOR RELIEF FROM THE AUTOMATIC STAY**

STATE OF )  
 ) SS  
COUNTY OF )

I, Michael Bihlmeier, being first duly sworn, depose and state as follows:

1. I am a Director for CRC Information Systems, Inc. ("CRC").
2. I submit this Affidavit in connection with the Motion for Order Compelling Assumption or Rejection of Executory Contract, or in the Alternative, for Relief from the Automatic Stay filed on behalf of CRC Information Systems, Inc. in the above-captioned bankruptcy proceeding. All facts set forth in this Affidavit are based upon my personal knowledge, my review of relevant documents, or my opinion, based upon my experience and knowledge of CRC's operations or information reported to me in the course of my duties. If I were called up to testify, I could and would testify competently to the facts set forth herein. I am authorized to submit this Affidavit.

**End-User License Agreement**

3. CRC and Quebecor World, Inc. ("QWI"), as the corporate successor to BCE PubliTech, Inc., are parties to an End-User License Agreement dated April 18, 1986 (the "License Agreement"), which governs the use by QWI and its affiliates of certain software

owned by CRC (the “Software”). A true and correct copy of the License Agreement is attached as an exhibit to CRC’s Motion.

4. Various disputes arose between CRC and QWI and its affiliates, including its U.S. affiliate Quebecor World (USA), Inc. (“QWUSA”), over the parties’ respective rights and obligations under the License Agreement. CRC contends that QWI and its affiliates are in breach of their obligations under the License Agreement, for among other things, monetary defaults under the License Agreement and non-monetary defaults, including use by QWI affiliates outside the scope of the License Agreement.

5. These disputes gave rise to various claims and counterclaims, brought in an action before the Ontario Superior Court of Justice entitled *Quebecor World, Inc. v. CRC Information Systems, Inc.*, Court File No. 03-CV-242466CM3 (the “Ontario Action”), and in an action brought in the United States District Court, District of Arizona, by CRC against QWUSA, Case No. CIV 03-0591-PHX-JWS (the “Arizona Action”).

6. Prior to the Petition Date, QWI entered into a settlement agreement with CRC, resolving all claims and counterclaims brought in the Ontario Action and the Arizona Action. The settlement is memorialized in Minutes of Settlement, filed in the Ontario Action, which provides that QWI will pay CRC the sum of \$1,600,000 (the “Sum”) in accordance with a specified payment schedule, in settlement of all claims by CRC in the Ontario Action or the Arizona Action, or otherwise relating to past use of CRC software by QWI, QWUSA or their affiliates and subsidiaries. A true and correct copy of the Minutes of Settlement is attached as an exhibit to CRC’s Motion.

7. Pursuant to paragraph 6 of the Minutes of Settlement, CRC grants a non-exclusive, perpetual and enterprise-wide license for the Software (as defined therein) at no further cost or fee to QWI and various other entities, defined as the “QW Entities.”

8. Paragraph 9 of the Minutes of Settlement provides that the QW Entities’ future use of the Software shall continue to be governed by the terms of the License Agreement, except insofar as the terms of the License Agreement conflict with the express provisions of the Minutes of Settlement, in which case the Minutes of Settlement will prevail.

9. Under the terms of the settlement, the releases executed by QWI, QWUSA and CRC shall be held in escrow until the final installment of the settlement amount is paid to CRC, at which time the releases shall be released from escrow and the Arizona Action and the Ontario Action shall be dismissed. Paragraph 7 of the Minutes of Settlement provides that, upon payment of the final installment of the settlement amount, CRC agrees that all past usage by the QW Entities shall be deemed to have been in full compliance with the License Agreement.

10. CRC’s grant of the exclusive, perpetual and enterprise-wide Software license for no further cost or fee is conditional, effective only upon payment by QWI of the final installment of the Sum, which came due on January 31, 2008 and remains unpaid. Payment of the Sum by QWI is the consideration for the grant by CRC of the exclusive, perpetual and enterprise-wide Software license under the Minutes of Settlement, and modifies the payment schedule under the License Agreement.

#### **Bankruptcy and Restructuring Proceedings in United States and Canada**

11. On January 21, 2008 (the “Petition Date”), Quebecor World (USA), Inc. (“QWUSA”) and certain affiliates (collectively, the “Debtors”) filed voluntary petitions under

Chapter 11 of the United States Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

12. On January 20, 2008, the Debtors' corporate parent, Quebecor World, Inc. ("QWI"), together with each of the Debtors, commenced a proceeding before the Superior Court of Quebec, Commercial Division, in the Judicial District of Montreal (the "Canadian Court") for a plan of compromise and arrangement (the "Canadian Proceeding") under the Canadian Companies' Creditors Arrangement Act ("CAAA").

13. On January 21, 2008, the Canadian Court issued an initial order, pursuant to which it granted the application of the Debtors and QWI for protection under the CAAA and appointed Ernst & Young, Inc. as monitor in the Canadian Proceeding. The Canadian court issued a second order on February 14, 2008, extending the stay period in the Canadian Proceeding through May 12, 2008.

**QWI and Debtors' Breach of License Agreement, as Modified by Minutes of Settlement and Continued Use of Software During Chapter 11 Proceedings**

14. QWI paid the first two installments of the Sum, each in the amount of \$400,000, in accordance with the settlement agreement's payment schedule, but has failed to pay the \$800,000 installment, due on January 31, 2008.

15. As a result of QWI's failure to pay the final installment of the Sum, CRC's grant of a perpetual, enterprise-wide Software license never became effective, and CRC is entitled to terminate the QW Entities' use of the Software.

16. Neither QWI nor the Debtors have paid any of the other license fees or charges contemplated under the License Agreement since the filing of their Chapter 11 Cases or the Canadian Proceeding. QWI and its affiliates are in default of their obligations to CRC under the

License Agreement for, among other things, failure to pay license fees and charges required thereunder, and for usage of the Software outside the scope of the license.

17. Accordingly, because QWI is in default of the Minutes of Settlement for failure to pay the final installment of the Sum, and is in default of its obligations under the License Agreement, CRC is entitled to terminate the Minutes of Settlement and License Agreement and recover its Software from the QW Entities.

18. The Debtors have failed to perform their obligations under the License Agreement, as modified by the Minutes of Settlement, yet they have continued to use the Software, and are enjoying the benefits of the use of the Software in connection with the operation of their businesses during their bankruptcy cases. Because of QWI and the Debtors' failure to uphold their end of the bargain, CRC is prejudiced by Debtors' delay in determining whether to assume or reject the License Agreement in connection with their reorganization efforts.

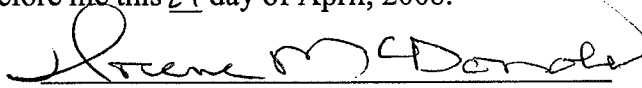
19. Upon information and belief, the use of the Software is actual and necessary to the continuing the business operations of the Debtors, and has provided and is continuing to provide a benefit to the Debtors and their estates.

20. The Debtors are in breach of their obligations under the License Agreement, as modified by the Minutes of Settlement, for among other things, QWI's failure to make the final \$800,000 payment required under the Minutes of Settlement as a condition of the grant of the enterprise-wide Software license granted thereunder. As such, cause exists for relief from the automatic stay, to permit CRC to terminate the Debtors' rights under the License Agreement and recover the Software.

FURTHER AFFIANT SAYETH NAUGHT.

  
\_\_\_\_\_  
Michael Bihlmeier

Subscribed and sworn to before me this 24 day of April, 2008.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
10/26/11

